

Message Text

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AMEMBASSY VIENNA

C O N F I D E N T I A L SECTION 01 OF 02 BERLIN 02180

USDOC FOR BEWT

VIENNA FOR EAST-WEST TRADE DEVELOPMENT SUPPORT OFFICE/
VONTILLIUS

E.O. 11652: GDS
TAGS: EEWT, ESTC, BEXP, GE
SUBJECT: SPRING 1978 LEIPZIG FAIR - WRAPUP

REF: BERLIN 1898

SUMMARY: THE 1978 LEIPZIG SPRING FAIR CLOSED MARCH 20
AFTER AN EIGHT-DAY RUN. EXHIBITS BY USDOC, USIA AND
FORTY U.S. FIRMS ESTABLISHED A STRONG AMERICAN PRESENCE
AT THE FAIR. U.S. FIRMS WERE REPORTED TO HAVE
CONCLUDED CONTRACTS TOTALING \$360 MILLION DURING THE
FAIR, INCLUDING A TEN-YEAR, \$250 MILLION ARRANGEMENT
BETWEEN DOW CHEMICAL AND THE GDR. OVERALL HOWEVER
GDR BUYERS APPEARED CONSTRAINED BY A SHORTAGE OF HARD
CURRENCY AND COMMERCIAL ACTIVITY APPEARED QUIETER
THAN AT PREVIOUS FAIRS. EXPORT CONTROL ISSUES WERE
VERY MUCH ON THE MIND OF U.S. INSTRUMENTATION
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MANUFACTURERS EXHIBITING AT THE FAIR. USDOC BUSINESS
DEVELOPMENT OFFICE FOR MATERIALS HANDLING PRODUCTS
RECEIVED A SUBSTANTIAL NUMBER OF SIGNIFICANT COMMERCIAL
INQUIRIES OVER A BROAD RANGE OF TOPICS. END SUMMARY.

1. THE 1978 LEIPZIG SPRING FAIR ENDED ITS EIGHT-DAY

RUN MARCH 20. U.S. WAS REPRESENTED BY USDOC MATERIALS HANDLING BUSINESS DEVELOPMENT OFFICE, USIA EXHIBIT AND APPROXIMATELY FORTY U.S. FIRMS. USUAL LARGE CONTINGENT OF WEST GERMANS WERE PRESENT AT THE FAIR, AND ECONOMICS MINISTRY STATE SECRETARY ROHWEDDER MADE HIS TRADITIONAL VISIT TO FAIR TUESDAY, MARCH 12. OTHER FOREIGN VISITORS INCLUDED SWEDISH STATE SECRETARY FOR FOREIGN TRADE NORDENFALK, AND MEXICAN STATE SECRETARY FOR FOREIGN AFFAIRS DE OLLOQUI. A PLANNED VISIT OF THE ITALIAN TRADE MINISTER WAS CANCELED AS A RESULT OF DEVELOPMENTS INSIDE THE ITALIAN GOVERNMENT.

2. WESTERN OBSERVERS JUDGED THE FAIR QUIETER THAN IN THE PAST, WITH GDR BUYERS APPARENTLY CONSTRAINED BY A SHORTAGE OF HARD CURRENCY; MANY WESTERN EXHIBITORS WITH WHOM EMBASSY OFFICERS SPOKE DESCRIBED THEIR PARTICIPATION AT THE FAIR IN TERMS OF MAINTAINING CONTACT WITH A MARKET THAT IS NOT GENERATING SALES AT PRESENT, BUT WHICH THEY EXPECT TO RECOVER IN 1979 OR 1980.

3. THE U.S. WAS REPRESENTED COMMERCIALY BY THE DEPARTMENT OF COMMERCE BUSINESS DEVELOPMENT OFFICE, WHICH DISTRIBUTED INFORMATION ON MATERIALS HANDLING PRODUCTS OF NINETY U.S. FIRMS, AND BY MORE THAN FORTY U.S. FIRMS, OVERSEAS SUBSIDIARIES OF U.S. FIRMS, OR OVERSEAS REPRESENTATIVES OF U.S. FIRMS EXHIBITING AT CONFIDENTIAL

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THE FAIR. THE HEAVIEST CONCENTRATION OF U.S. FIRMS WAS IN ELECTRONIC INSTRUMENTATION WITH HEWLETT-PACKARD, ITT, GTE SYLVANIA, VARIAN, NICOLET INSTRUMENTS, PHYSICAL ELECTRONICS, FINNIGAN INSTRUMENTS, COOPER INDUSTRIES, GENERAL RADIO, INTERNATIONAL VIDEO, PERKIN-ELMER CORP. AND ANALOG DEVICES REPRESENTED.

4. LARGE CONTRACTS INVOLVING SALE AND PURCHASE OF PETROCHEMICALS BY DOW CHEMICAL CO. (REFTEL0 AND A STEEL MILL VALUED AT BETWEEN \$300 AND \$400 MILLION BY DEMAG, A WEST GERMAN FIRM, WERE CONCLUDED. IN ADDITION TO DOW, SEVERAL OTHER AMERICAN FIRMS, INCLUDING CLARK EQUIPMENT AND PHYSICAL ELECTRONICS, CONCLUDED CONTRACTS WITH THE GDR. IN CONVERSATION WITH THE US-GDR TRADE AND ECONOMIC COUNCIL, BEIL SAID THAT \$360 MILLION IN BUSINESS HAD BEEN DONE WITH AMERICAN FIRMS AT THE FAIR, \$250 MILLION OF WHICH ACCOUNTED FOR BY THE DOW CONTRACT. A GTE SYLVANIA/OWENS-ILLINOIS TEAM CAME TO LEIPZIG FOR NEGOTIATIONS ON A SALE OF A COLOR TELEVISION TUBE MANUFACTURING FACILITY WITH A POTENTIAL VALUE OF \$50-60 MILLION.

5. EXPORT CONTROL ISSUES WERE MUCH ON THE MIND OF REPRESENTATIVES OF U.S. INSTRUMENTATION MANUFACTURERS, WHO TOOK OPPORTUNITY AFFORDED CALLS BY EMBASSY OFFICERS TO AIR COMPLAINTS ABOUT VARIOUS ASPECTS OF EXPORT LICENSING, FROM PROCESSING DELAYS TO ALLEGATIONS OF COMMERCIAL DISADVANTAGE IN COMPETITION WITH FIRMS FROM OTHER COCOM COUNTRIES.

6. ACTIVITY WAS HIGH AT THE U.S. BUSINESS DEVELOPMENT

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OFFICE, WHICH RECEIVED 85 SUBSTANTIVE COMMERCIAL INQUIRIES DURING THE FAIR. MORE THAN HALF OF THE COMMERCIAL VISITORS TO THE BDO WERE FROM THE GDR WHILE APPROXIMATELY THIRTY PERCENT CAME FROM OTHER EAST EUROPEAN COUNTRIES AND THE REMAINDER FROM WESTERN EUROPE AND THE MIDDLE EAST. INDUSTRY EXPERT PAUL BECK PROVED EXTRAORDINARILY CAPABLE, DISPLAYING A HIGH DEGREE OF BOTH TECHNICAL COMPETENCE AND COMMITMENT TO THE OBJECTIVES OF THE EXHIBIT. INQUIRIES RECEIVED BY THE OFFICE COVERED A BROAD RANGE OF TOPICS UNDER MATERIALS HANDLING, INCLUDING AUTOMATION, MATERIAL STORAGE, MANUFACTURING MATERIAL MOVEMENT AND STORAGE, HEAVY INDUSTRY MATERIAL HANDLING, AUTOMATIC WAREHOUSING, AND PACKAGING. BECK IS PREPARING A DETAILED REPORT ON HIS ACTIVITIES AT THE FAIR. BOLEN

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